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THE PRESENT SITUATION IN HUNGARY

Description

An analysis of the factors determining the attitude of the Hungarian Government, and a discussion of the possible political developments in case the war approaches the Hungarian border.

27 November 1943

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Summary

Despite the maintenance of a parliamentary facade and an elaborate system of self-administration, the Horthy Regime which came to power in a counter-revolution against the democratic and communist Hungarian governments of 1918/19, has many characteristics of a fascist dictatorship, representing the interests of a small group of big landowners. Although the Hungarian government has followed the course of the Nazis as long as they were useful, and has gladly accepted from them large territorial gains, (on the acquisition of which its whole foreign policy had been centered) the government will not require much persuasion to desert its German allies.

But the ruling clique is firmly determined that, in the crisis which of necessity will accompany their attempt to switch from the Axis to the Allied side, power will not slide out of their hands.

At present the government is trying to withdraw its troops from the Eastern Front and to assemble them in Hungary, so that it will be in a strong bargaining position when the Allies approach the Danube Plain. It is trying to appease the minorities so that disturbances and upheavals from that quarter will be limited to a minimum. It has taken precautionary measures on the home front so that a revolution of socialists and liberals can be quenched, and, at the same time, it is negotiating to bring these groups into a united national front.

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The main threat to the successful realization of this planned change of sides comes from Germany. The Hungarian Nazis, the German minority, and Hungary's economic dependence on Germany are strong weapons in the hands of the Nazis, and if they think it necessary, they might be able to establish a government of Hungarian Nazi Quislings and thus forestall, -- or at least postpone -- Hungary's defection.

See also the following R and A reports: No. 1387 "The Means of Influencing Public Opinion in Hungary;" No. 1388 "Who's Who in Hungary from the Standpoint of United Nations R & Operations;" No. 1582 "Germany and the Employment of Hungarian Troops on the Eastern Front and in the Balkans."

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A. THE BACKGROUND1. General Character of the Present System

The present regime of Hungary is the regime of a counter-revolution.

After the first World War and the collapse of the Hapsburg Dual Monarchy, Liberals and Socialists who had been thereto rigidly excluded from any share in the government, seized power in Hungary and tried to establish a new order. Their main aims were an agrarian reform (breaking the rule of the great aristocratic landowners), and a solution to the nationalities question on the basis of equality. But it was then too late to forestall the dismemberment of the Hungarian state, and the Socialists and Liberals were soon forced to cede power to the communists, who, because of their Russian connections, seemed to many the best representatives of Hungarian national interests against the successor states, who were favored by the Western powers.

This gave the old feudal groups, who had ruled Hungary under the Hapsburgs, their opportunity for a come-back. They established contacts with the outside world, formed a counter-revolutionary government in Szeged, and partly as a result of the anti-Communist reaction of the people, partly as favorites of England and France who feared the expansion of Russian influence over the Balkans -- they succeeded in reestablishing themselves in power. The men who united in Szeged for this counter-revolutionary coup have ruled in Hungary ever since. Horthy, the War Minister of the Szeged Government, became

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Regent of Hungary. Most of the Hungarian Prime Ministers of the post-war period (exceptions are the professional diplomat Bárdossy, an emergency appointment after Toleki's suicide in 1941, and the bureaucrat Daranyi) were leading figures in Szeged: Toleki (Prime Minister in 1920 and again from 1939 to 1941) was the chairman of the Szeged government; Count István Bethlen (Prime Minister 1921-1931) was the intermediary between Szeged and the Western powers; Count Julius Károlyi (Prime Minister 1931-1932) was the Minister of the Interior in Szeged; Goembös (Prime Minister 1932-36) organized the volunteer corps, which fought the civil war for the Szeged Regime; Kállay, the present Prime Minister, is called "the man of Szeged" because he had a leading role in formulating the program of the Regime. Other personalities admitted to power by the ruling group in the disaster between the two World Wars (as for instance, Tibor von Eckhardt) owed their careers to their participation in the Szeged counter-revolution.

The group which seized power in the counter-revolution mainly represents the interests of the great landowners and forms only a small minority of the Hungarian population. More than a third of all the cultivated area of this mainly agrarian country is the property of scarcely more than a thousand land-owners. Land-owning families like the Apponyis, the Károlyis, the Széchenyis, the Eszterházy's and the Andrássys, in alliance with Budapest high finance, exercise complete dominance. Because, numerically, the basis of the Regime is small, the seizure of power and the maintenance of power by the men of Szeged is chiefly the result of pure force. The Hungarian Regime represents the dictatorship of a small

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ruling clique over the mass of the people, and many of the phenomena which have become familiar features of any Fascist regime -- terrorism, secret police, anti-Semitism, measures against Freemasons, paramilitary organizations -- made their first appearance on the European continent in the events leading to the establishment of the present Hungarian Regime.

The terroristic organizations which conducted the civil war for the Szeged Government were mainly composed of former officers whom the defeat in the World War had thrown out of their jobs. In disarmed Hungary, these military organizations continued to lead a secret existence, abetted and protected by the government. One of the most important of these organizations is the Double Blood Cross Federation which is said to count prominent political personalities, particularly from the Ministry of the Interior and the Courts, among its members and to exert a considerable political influence behind the scenes. When secrecy was no longer necessary, the societies came out into the open, and new ones were founded with support of the government. The largest is the "National Defense Organization" under the leadership of General Magasházy, an intimate friend and former A.D.C. of Horthy's; it is said to have more than 150,000 members. In recent months, an increase in the activity of the paramilitary organizations can be noticed. They remain a last line of defense on which the Regime can fall back in case of a serious crisis.

2. Constitution and Administration

Although the regime of Regent Horthy must be regarded as

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the forerunner of all the fascist regimes which originated on the European continent in the twenties and thirties, outwardly it is not a totalitarian regime. It has a Parliament composed of two houses: an Upper House (375 members: 3 Hapsburg Archdukes; 21 leading dignitaries such as the chief judges, the Commander-in-Chief, the President of the National Bank, etc.; 47 prelates; 44 aristocrats elected by the 1200 nobles who composed the Upper House when it was a purely hereditary body; 126 members elected by the Councils of the Counties and municipal cities; 40 members elected by the Chambers of Agriculture, Commerce and Industry, Universities, Academies and Stock Exchange; 3 members appointed by the Regent to represent Subcarpathian Russia (Ruthenia); 5 members appointed by the Regent for life). There is also a Lower House, elected by constituencies, although the deputies for the territories recovered between 1938 and 1941 have been appointed by the Regent. Total membership 373. The constitution follows the English pattern: the budget must be presented first in the Lower House and cannot be modified by the Upper House; no taxes can be raised without consent of the Lower House; the government must have the confidence of the Lower House, which can interpellate ministers.

There are several reasons why a parliamentary form of government has been maintained and why the virtual dictatorship existing in Hungary is thus disguised.

The "men of Szeged" posed as the restorers of the old Hungarian order and tradition, and Parliamentarianism is of very ancient origin in Hungary and one of its great prides.

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It had always been dominated by the Hungarian oligarchs who had used it effectively in fending off Hapsburg encroachments on "Hungarian freedom", i.e., the privileges of the Hungarian oligarchy.

Moreover, because the Regime regained power through the assistance of the English and French, a certain adjustment to the democratic and parliamentary ideology of the West was necessary. The program of the Horthy Regime, as it was drafted in Szeged, was full of promises for social reform and reorganization of the political life on a democratic basis. Most of these reforms remained on paper, but the maintenance of a democratic facade remained desirable if Hungary wanted to improve her situation in a world in which democratic ideology and the League of Nations were dominant.

The main reason why the counter-revolutionary Regime felt no objection to the maintenance of a parliamentary constitution was that parliamentarianism in Hungary was organized in such a way that it could never endanger the power of the Regime. The percentage of the population possessing the right to vote (according to the electoral law of 1937) is hard to discover. Men voters must be over 26 years of age, must have resided in the same electoral district for six years, and must have had six years of elementary school. Women are permitted to vote only if they are over 30, self-supporting, or wife or widow of a qualified voter, and must fulfill the same educational requirements. Considering that the rate of illiteracy in Hungary is still rather high (the official figure is 4.1%, but unofficially it is computed to be as high as 15%), and

also that the agricultural laborers shift from one place to the other, it is clear that the landless agricultural laborers who make up 1/3 of the population are without political influence. Moreover, elections in the country are "managed": every candidate must be nominated by 10% of the voters in his constituency, one thousand being the minimum, and it requires ^{great} a deal of courage to place one's name on the nomination paper of a candidate displeasing to the forces in power. Furthermore, secrecy of the ballots in the country districts has never been strictly observed and the result has been that, although the large towns, particularly Budapest, usually return opposition candidates, the elections in the country result in a victory of the government party with absolute regularity.

At present, after the last elections, (May 28, 1939), the Government Party, (M.e.P., Hungarian Life Party) holds 220 (257 if the Transylvanian members are included) of the 373 seats in the Lower House. The 116 seats of the opposition are divided into two groups: a Right opposition, demanding a totalitarian Pro-Nazi line, and a Left opposition, demanding a democratization of Hungarian political life.

The right wing opposition (the so-called Arrow Cross Parties) has 62 parliamentary seats; it is split up into different groups: the most important is ^{the} Party of National Regeneration under Imreedy; less important and smaller is the brutal and entirely unscrupulous Arrow Cross Party proper under Szalasi.

The Left wing opposition is composed of 5 Social Democrats who have their main strength in Budapest, 5 Liberals, 13 members of the Small Holders' Party, representing the interests of the

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small landowners in opposition to the great estates, and a few independent members.

Although the existence of these opposition parties is essential for the maintenance of the fiction that Hungary is a parliamentary state and gives a certain liveliness to Hungarian political life, the majority of the Government party is much too large for the opposition seriously to undermine the parliamentary basis of the government. Besides, in the two most important parliamentary committees, the Committees of 36 and 42 which exert control over the budget, only the Government party is represented. Finally, because the elections are "managed", the candidates are entirely dependent on the government and particularly on the Minister of the Interior, and the government takes good care to prevent parliament from becoming an authoritative and controlling element in political life. The leaders of the Hungarian government do not achieve their position because of the role they play in parliamentary life; parliament is not the reservoir from which members of the cabinet are selected. They are handpicked by the ruling group around Horthy, and some of these Prime Ministers were not even members of Parliament before their appointment.

The hold of the Regime over the country is finally confirmed by the fact that, despite an old elaborate system of local government, government in Hungary is strictly centralized. For administrative purposes Hungary is divided into counties, municipal cities and the administrative district of Budapest.

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In these administrative bodies, both central ("Royal") and local agencies and officials function. A Lord Lieutenant (Főispán), appointed by the Minister of the Interior, stands at the head of the "Royal" officials of each of these administrative units. He transmits decrees to the local officials and agencies through the Deputy Lieutenant (Alispán). For the duration of the war, the Alispán is appointed by the Minister of the Interior; in normal times he is elected by the County Council. In the times of the Hapsburg Empire, the contrast between "Royal" and local agencies was of some importance, because the Hungarian aristocrats used their influence on the local agencies for resisting encroachments of Hapsburg centralism on Hungarian life. Since under the Horthy Regime the aristocrats themselves dominate the "Royal" government, the local influence of the aristocrats is used in favor of the central government, and thus the contrast between "Royal" and local agencies has lost its meaning. In addition, the government has a decisive influence on the composition of the County Councils, and there is hardly a possibility that a person not acceptable to the government would be elected Alispán.

Thus despite the maintenance of a parliamentary façade and of self-administrative bodies, the ruling clique has taken all possible precautions to preserve its domination and control in the face of any threat.

3. Foreign Policy

The hold of the Horthy Regime over Hungary was strengthened by the fact that revision of the Trianon Treaty was the dominating theme of Hungarian political life in the period between the

two world wars. The ruling group maintained that the foremost task of Hungarian policy did not lie in the field of domestic affairs, but rather in the field of foreign policy. The oppositional forces -- Liberals, Socialists, and Small Land Holders -- shared this sentiment to the extent that they felt the necessity of limiting and softening their opposition so as not to damage Hungary's revisionist claims. (As a matter of fact, there was a regular agreement between the Bethlen government and the Socialists that political activity would be permitted to the Socialist Party only under the condition that the Socialists would do nothing against Hungary's revisionist claims and would not make too much of the White Terror.)

A few statistical facts easily explain the importance of the Trianon Treaty for Hungary's post-war policy. Before the first World War, Hungary comprised 325,411 sq.km; after the Treaty of Trianon, Hungary was reduced to 93,073 sq.km. -- i.e., Hungary was forced to cede 71.5% of her territory. Before the first World War (according to the census of 1910), the population of Hungary numbered 20,886,487; after the Treaty of Trianon, Hungary was reduced to a population of 7,990,202 (according to the census of 1920; by 1930 the population had increased to 8,688,319). Whereas, before 1914, the Magyars were only 48% of the population of the Hungarian kingdom, after Trianon the population was almost exclusively Magyar (the strongest minority were the Germans, about half a million people, making 5.5% of the entire population). As a result of Trianon, a large number of Magyars (according to Hungarian statistics 3,376,914; according to the statistics of the successor states 2,579,422) came under foreign rule.

Under these circumstances it is not astonishing that Hungary desired a revision of frontiers which would give her back some of the lost territories with preponderant Hungarian population. However, revision on the basis of national self-determination was not the Hungarian policy; the Hungarian government made the core of its entire foreign policy the re-establishment of St. Stephen's realm, i.e., the entire Greater Hungary existing before the World War. It did not aim at minor adjustments on frontiers with the successor states, but rather at the reestablishment of Hungarian domination in the Danube Plain. This was the meaning of Hungarian revisionism.

The most curious reflection of the Greater Hungarian claims is the strange constitutional situation existing in Hungary since the counter-revolution. Hungary is a Kingdom without a King. Although the opposition which the restoration of the Hapsburgs would have aroused in the successor states was certainly a potent reason for leaving the throne empty, unquestionably the revisionist character of Hungarian foreign policy was an equally strong motive. The fact that the throne remained unoccupied was a visible indication that Hungary regarded the existing situation as provisional and temporary. No King should wear the crown of St. Stephen so long as Hungary had not regained the old frontiers of St. Stephen's realm.

The realization of this aim was attainable only through a complete disruption of the settlement established in the Trianon Treaty. One of the main purposes of Hungarian foreign policy in the Twenties was the prevention of any consolidation of the political situation in the successor states, and in the Balkans.

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Hungary began a rapid industrialization so that she might become economically independent. She obstructed all broad and comprehensive attempts at a solution of the economic problems of the Danube Valley, and resisted all collaboration with the successor states. She was entirely satisfied that her relations with Czechoslovakia, Romania and Yugoslavia -- the powers of the "Little Entente", formed for the purpose of maintaining the status quo against Hungarian revisionism -- remained tense, and she continually tried to stir up trouble in these states (the Janka Pusta Farm, on which the murderers of King Alexander of Yugoslavia were trained, was in Hungary, and the terrorist activities of the Croat compatriots were known to the Hungarian rulers).

The masterpiece of Hungarian diplomacy was that, although Hungary's foreign policy was quite openly directed towards the overthrow of the existing order, Hungary managed to maintain relatively good relations with the great powers. By playing on the similarities between the Hungarian and English constitution, and by employing their unquestionable personal charm, the Hungarian aristocrats succeeded in making Hungary relatively popular with the English ruling class. In 1927, Hungary concluded an alliance with Italy which was directed at the dismemberment of the Yugoslavian state, and Italy began to advocate Hungarian revisionism.

The achievement of Hungarian policy in the twenties, and more particularly of the Bethlen government, was that Hungary, although remaining an openly revisionist power, regained a place

in the society of European States. Also, Hungary's economic recovery was assisted by foreign loans. Nevertheless, in this period the revisionist policy had no practical results: neither a frontier revision in Hungary's favor was achieved, nor a change in the disarmament clauses took place.

This situation changed with Hitler's advent to power and with his aggressive foreign policy. Revisionism became a practical proposition. In addition, the economic crisis had hit Hungary, and some spectacular successes, which would conceal the real economic difficulties, became a necessity. Bethlen, the Prime Minister of the period of consolidation (1921-1931), retired, and, in the critical years of the thirties, the leadership of the government went to three Prime Ministers -- Goemboes, Darányi, and Imrédy -- who, in contrast to the aristocratic and diplomatic Bethlen, represented the more vigorous and openly brutal Hungarian gentry. All these men seemed "safe" to the Regime. For instance, Goemboes was one of the leading figures in the Counter-revolution and the White Terror. New men of a somewhat different frame of mind seemed more fit to adjust Hungary to the new course of the Nazi era than the aristocrats who had negotiated in Geneva, Paris and London in the period of the Western democratic supremacy.

Goemboes regarded it as his first task to bring Germany and Italy, separated because of the Anschluss question, together; he frequently gloried in having established the first contact between Hitler and Mussolini. Horthy was the first head of state who visited Hitler in Germany. Also, Hungary's domestic policy

was adjusted to the prevailing Nazi trend. Anti-semitism, somewhat silenced during the later Bethlen period, was revived, and it seemed appropriate to proclaim the coming of a new social era by talking once more about the necessity of an agrarian reform, although in practice the agrarian reform was limited to a distribution of confiscated Jewish estates.

However, Hungary did not intend to follow the German course blindly. She intended to increase her own political importance and to achieve her revisionist aims by playing the part of broker -- first between Italy and Germany, and later between the Axis and the Western powers. Thus, when in August 1938, Horthy and Imrédy visited Hitler and were offered a military alliance against Czechoslovakia, they refused. Consequently, Hungary played no active role in the Czech crisis, and as a result of this hesitant attitude, Hungary received, when Czechoslovakia was dismembered, a large share of Slovakia, but still not her old frontiers (the so-called Vienna Award of 1938). It was somewhat humiliating to the Hungarians that this aggrandizement was achieved not as a result of Hungarian political action, but through agreement between Germany and Italy, and more precisely as a concession which Germany made to her Italian ally. Prime Minister Imrédy drew the conclusion that it was time to ally Hungary more intimately and directly with Germany, and he began to remodel Hungarian political life according to the Nazi pattern. He started a new wave of anti-semitic legislation; he prepared to give the German minority in Hungary a privileged position; he attacked the big estates.

At this point, the ruling group behind the Horthy regime began to act. They wanted revisionism, but they did not want to pay for it by the loss of their privileged political and economic position. Suddenly they discovered that Imredy had a Jewish grandmother; the government party was ordered to vote against him, and he was ousted from the government. Imredy took with him a certain number of deputies of the government party, and since then the Hungarian Nazis (the Arrow Cross Parties) have been split in two groups: the Arrow Cross Party of Szalasi and the Party of Regeneration under Imredy (Imredy is the main favorite of the Germans and his party probably receives subsidies from Germany). The government, however, was firmly again in the hands of the great landowners, who had established and maintained the Horthy Regime. With the appointment of Count Teleki, one of their foremost statesmen, they took over the leadership of the government. The Hungarian rulers did not intend to forego the advantages which Germany's revisionist and revolutionary foreign policy might throw to Hungary; they intended, however, to keep Hungary as independent as possible and her social system free from Nazi influences. Hungary agreed to sign the Anti-Comintern Pact, but, otherwise, Hungarian policy assumed an aspect relatively hostile to Germany. Teleki dealt harshly with the German minority in Hungary, Hungarian Nazi leaders were attacked and imprisoned, and as a counterbalance against the Hungarian Nazis, the Social Democrats were encouraged. Besides, when (in March 1939) the rump of Czechoslovakia was occupied by Germany, Hungary moved immediately into Subcarpathian Russia and

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snatched still more of Slovakia. This action gave Hungary, against German wishes, a common frontier with Poland. A Polish-Hungarian entente, blocking further German expansion in the East, seemed in the making.

This was a rather artificial attempt at recreating a balance of power in Europe, hardly corresponding to the shift of power taking place in that period. The artificiality became evident, when Germany attacked Poland. Hungary did not move. On the contrary, one year later, the Hungarian statesmen automatically welcomed the defeat of France as an indication of the collapse of the Trianon system. Frightened lest Hungary would not get her share in the scramble for territories brought about by Germany's aggression, the Hungarian statesmen emphasized the importance of Hungarian revisionism as pacemaker of German foreign policy, and, in order to get their reward, began to fabricate atrocity stories against Romania and to mobilize against her. Yet Hungary had hesitated too long, for Germany felt no need to back her to the hilt. In the Second Vienna Award, Germany and Italy forced upon Hungary and Romania a division of Transylvania, by which neither of these countries was satisfied. This was evidently the German aim; both states remained bound to Germany in the hope of satisfying future claims, and Germany was enabled to keep them in check by playing off the one against the other.

After the Second Vienna Award, the Hungarian government repeated the game played after Munich. Hungary joined the Three Power Pact of Germany, Italy and Japan, but concluded also a

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special alliance with Yugoslavia -- with the idea of getting support against extension of the German domination over South-eastern Europe. Yet the ink on the pact of eternal friendship between Hungary and Yugoslavia had hardly dried when Germany demanded Hungary's participation in the war against Yugoslavia. Teleki, like a gambler who cannot pay his gambling debts, committed suicide as a way out, but Hungary bowed to the German demands and entered the war against Yugoslavia, receiving as reward a considerable share of Yugoslavian territory. The Hungarian government, like Maria Theresa in the partition of Poland, "pleurait, mais prenait toujours."

Hungary was now fully committed to the German side. When, after the German attack on Russia, Romania declared war against Russia, Hungary quickly followed suit in order not to be outdistanced in the race for German favor. A considerable Hungarian army was sent to Russia. Finally, after Pearl Harbor, like all other members of the Axis, Hungary declared war on the United States.

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B. THE PRESENT SITUATION IN HUNGARY.1. Territorial Expansion and Problem of Minorities.

As a result of Hungary's participation in German aggression, Hungarian territory has been considerably increased:

The First Vienna Award brought Hungary the Northern Province of Felvidék, an expansion of 11,927 sq.km.

Hungary seized at the second partition of Czechoslovakia Subcarpathian Russia, an expansion of 12,146 sq.km.

The Second Vienna Award transferred to Hungary Northern Transylvania, an expansion of 43,104 sq.km.

The partition of Yugoslavia gave to Hungary the Bácska and the Mur District, an expansion of 10,619 sq.km.

Thus Hungary has been augmented by 77,796 sq.km.

and is now nearly twice as large as Trianon Hungary had been.

(None of these annexations has been recognized by the English and American governments. Germany, of course, recognizes the Hungarian annexations, and considers the Bácska and the Mur District as "under Hungarian occupation" because the problem of the partition of Yugoslavia has not yet been definitely solved.)

Whereas, in Trianon Hungary, a minorities question of any significance did not exist, this problem once more becomes important in present-day Hungary. Aside from the German minority, which has considerably increased, there are now large Romanian, Ruthenian, Slovakian and Serbian minorities. The official statistics speak of 20.3% non-Magyars, whereas the minorities claim 35.7%.

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Because of the existence of these large minorities, Hungary's claims to these territories are vehemently contested by Slovakia and Romania, Serbia being at present too weak and powerless to make any claim. The relations with the Serbs, however, are thoroughly poisoned as a result of the Bácska massacres (January, 1942), when Hungarian terrorists, with connivance of Hungarian military forces, killed thousands of Serbs. The situation was so bad that there were violent protests even in the Hungarian parliament. The hold of Hungary over these newly annexed territories is further made precarious by the fact that, when Hungary regained them, the great Hungarian landowners were again placed in possession of the estates which they had owned before the Trianon cession of these areas (particularly in Slovakia and Transylvania). Thus not only was the dispossessed Slovakian and Romanian population dissatisfied, but also the Magyar small farmers, who, under restored Hungarian rule, have a much more inferior role than they had under the Czechoslovakian and Romanian governments.

2. The Diplomatic Situation

The present regime has no absolute interest in a German victory, but it must avoid the possibility that German defeat will lead to a loss of all the newly acquired territories, because it could hardly survive this open bankruptcy of revisionism on which it had built its whole policy during the last twenty years.

The appointment of Kállay as Prime Minister (March, 1942) meant a significant turning point in Hungarian foreign affairs. The men of the regime began to realize that a German defeat was

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in the realm of possibility, and found it desirable and necessary to put Hungary at some distance from Germany.

At the outset, Kállay tried to build up a coalition of somewhat independent Axis powers under Italian leadership, comprising besides Italy and Hungary, Bulgaria and Finland. It was expected that such a coalition, by threatening to abandon the German alliance, might be able to impose a negotiated peace at a moment when the war would be hanging in balance. Even in the spring of 1943, when Kállay visited Rome, the communique which was issued pointedly referred to the friendship between Hungary and Italy without mentioning Germany.

For this reason, the collapse of Italy has placed Hungary in a particularly difficult position. The only line of policy to be followed by the government is to stay in power, and to keep the Germans as far away as possible. Thus, in case the Allied armies approach Hungarian territory, the Hungarian government will be able to go over to the winning side in full strength and thereby save its own existence. Unquestionably, the regime of Horthy is trying to imitate Badoglio; however, it especially wants to prevent the Germans from entrenching themselves previously on Hungarian soil, thus preventing Hungary like Italy from becoming a battle field.

The Hungarian government is preparing this changeover from the German to the Allied side in various ways. There is a subtle psychological campaign going on, paving the way for a favorable attitude towards Hungary on the part of the Allies. At neutral capitals, particularly in Bern and Stockholm, Hungarian spokesmen

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have been busy explaining the Hungarian situation to the Allies. They take the line that, whenever Hungary follows Germany -- as in anti-semitic measures or in her recognition of Mussolini's government -- this is done under German pressure. They even say that it is in the Allied interest for Hungary to give in to German demands, as otherwise Germany might become distrustful and replace the present regime by a government of Hungarian Nazis.

Furthermore, the Hungarian government has been gradually withdrawing its troops from the Eastern front, so that at present not more than 90,000 men, exclusively used in the rear for occupation purposes, are at the Eastern front. By keeping its army at home the government expects to be able to resist German military penetration and to increase its value as a prospective ally in the eyes of the Allied powers.

The Hungarian government realizes the dangers resulting from its tense relations with Slovakia and Romania. One danger is that these countries, particularly Romania, may anticipate Hungary in switching over to the Allied side and may be rewarded with the territories which Hungary has taken from Romania in the last four years. In addition, the Hungarian Government realizes that its hold over the home country and its bargaining power may be fatally weakened, when, at the moment of the crisis, the latent conflicts with these countries lead to an open break. There are several indications that the Hungarian Government would like to come to an agreement with Slovakia and Romania, so that, for the present, the status quo might be maintained and

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the solution of the territorial problems pending between these countries and Hungary thus be postponed till after the war. The Hungarian Government has been very conciliatory in recent weeks in its statements on the conflicts with Slovakia and Romania, but there are no indications that Romania and Slovakia are willing to enter a bargain of this kind.

Finally, the Hungarian Government is well aware that the most important prerequisite to success in the planned switch from the German to the Allied side is full control of the domestic situation.

3. The Domestic Scene:

The attempts of the Hungarian Government to keep the domestic situation completely under control have developed along the following lines:

a) Several measures strengthening the hold of the regime have been taken in the field of administration: by giving the right of appointment of Deputy Lieutenants to the Minister of the Interior, the government made its hold over the administrative apparatus unassailable.

A volunteer police force has been formed with the right of carrying arms -- evidently vigilantes intended to "maintain order" in the interest of the regime. The same purpose is served by the increased activity of semi-military organizations which has taken place in recent months.

The recall of the army from the front involves a strengthening of the Government's position, and there are frequent reports that a purge of unreliable (i.e., pro-German) officers is going on.

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b) The government is aware that, at the moment of a serious crisis, an open outbreak of revolts in the frontier regions might create a situation which could easily get out of control. It has shown a reconciliatory attitude to the nationalities in recent months; particularly the Serbs in the Bácska have been treated with marked consideration in the latest government pronouncements.

c) The government is making an attempt to establish contacts with the Left Wing Opposition.

The Left Wing Opposition (Socialists, Liberals, and Small Land Holders) has become very active in recent months, and all signs indicate that it is gaining in strength. Previously the main weakness of the opposition was that its various groups worked independently and in isolation. The Socialists had a firm hold in Budapest, but their influence did not extend beyond that city. The Small Land Holders, with followers all over the country, had no contact with Liberals and Socialists, and for a short time (under the leadership of Tibor von Eckhardt) were even in the government camp. In all these parties new and younger men have come into the foreground, and they realize fully the necessity of cooperation between the oppositional groups, and speak of the establishment of a popular front. The programs of these parties are now harmonized. They demand a quick abandonment of the war, and recommend the abandonment of the territories which Hungary took away from Slovakia and Yugoslavia; they are less definitive about Transylvania, for which they desire "autonomy". In the domestic field, they ask for the development

of the Hungarian constitution in the direction of a true parliamentary democracy, a sweeping agrarian reform, a social policy based on recognition of the working class organizations, and their participation in social legislation and a solution of the minorities problem on the basis of full autonomy; also the abolishment of the anti-semitic measures and the whole restrictive legislation of the Horthy Regime.

In contrast to this popular/^{front} program, the Government, or at least certain elements of the present ruling group, aim at the establishment of a "national front". This is especially true of politicians and writers near to Bethlen (for instance, the historian Szekfu) who are active along these lines. The demands for agrarian reform seem to exclude the possibility of an agreement between the ruling clique and the opposition, but it cannot be considered as entirely impossible that, because of the great fear of Russia and because of Hungarian nationalism (strong also among the opposition), such a solution may not be achieved at the moment of crisis. Perhaps this will be on the basis that the ruling group agrees to a democratization of Hungarian political life, while the opposition softpedals its demands for agrarian reform. Unquestionably the Horthy Regime realizes that it cannot, without major concessions, survive the crisis which will occur with the approach of the Allied armies in the Balkans. Kallay will resign, and an attempt will be made to appoint a Prime Minister who is considered persona grata with the Allies; even now a subtle campaign is being conducted to make out of Bethlen a pro-Allied,

Democratic statesman. If such attempts should fail, there are other personalities -- like Count Julius Károlyi, the last Hungarian Prime Minister before Hungary embarked on the pro-Nazi course under Goemboes -- who might be considered suitable for this role. It is also possible that Horthy himself will resign and a Hapsburg restoration be attempted. Under the cover of this completely new departure, the present ruling group would be able to save its position.

4. Hungary and Germany

The great fear of the Hungarian ruling group is that Germany, in order to avoid a defection of Hungary to the Allied side, will make sure of Hungary beforehand, and that the present ruling group will be replaced by a Hungarian Nazi Government when the Allied armies approach.

This danger is undoubtedly great because Germany has a strong grip on the Hungarian situation:

a) Germany's hold over Hungary is not of a directly military nature. In contrast to a widely accepted notion, Germany has either no troops in Hungary, or at least very few. There are reports that the Gestapo has an office in Budapest, and it is certain that Germany in using the Hungarian railroad lines and waterways, also controls these routes militarily. Otherwise, Germany seems to have no troops on Hungarian territory.

However, Hungary is surrounded by countries which Germany has occupied; Germany is able to play off Slovakia and Romania against Hungary and has frequently threatened concerted action of these countries against Hungary, when -- as in the case of

the recognition of Mussolini's Republican Regime -- Hungary hesitated to follow German wishes.

b) The Hungarian Nazis and the German minority in Hungary are weapons which Germany can use and is using to keep Hungary in line.

The man on whom Germany relies is Imrédy.

In order to avoid unpleasant questions in parliament and to counteract the possibilities of pressure by the Hungarian Nazis, the Hungarian Government prorogued parliament this spring, and, in the meantime, probably under pressure of the government, many members of the Imrédy group have left the Nazi Party and asked for admission in the Government Party.

It is an evident danger to Hungary that many of the racial Germans in Hungary have joined the SS and are obedient instruments of Nazi policy; their entire families are thus bound to the Nazi cause. There are 40,000 Hungarian Germans in the SS. The Hungarian Government retaliated by decreeing that Hungarians who joined the SS would automatically lose their Hungarian citizenship. This measure, which is in strict contrast with the methods pursued by the Romanian Government, has raised great indignation among the German minority.

c) Hungary is bound to Germany by economic ties. Although the Hungarian Government maintains that no agricultural products from Hungary proper go to Germany, the agricultural surplus of the Bácska is sent to Germany according to a formal treaty.

It is still more important that, because of the war, industrialization in Hungary has made rapid progress and Germany has taken a leading part in the development of Hungary's economic

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resources. In 1937, there were 770,000 factory employees in Hungarian industry; in the middle of 1942 there were 1,360,000 -- an increase of 76%. One of the industries which made most rapid progress is the crude oil industry, which, between 1936 and 1942, rose from about 2,300 tons to about 540,000 tons per annum, and is reported to have increased now to 700,000 tons. Also, as an armaments production center, Hungary has become increasingly important. For import and export, the Reich is the decisive factor in the Hungarian trade balance; in the first six months of 1943, for instance, Germany has bought up 52.5% of all Hungarian exports and delivered 51% of the Hungarian imports.

These figures show that a break with the Reich would immediately cause an economic crisis in Hungary. However, under the present circumstances the more dangerous implication is that the Hungarian economy is of great importance for the German war effort and Germany cannot allow Hungary to escape from the German grip.

Conclusions: The position of the present regime seems so secure that no opposition, whether from the Left or from the Right, will be able to overthrow the regime without foreign support. Germany has enough troops at her disposal, and with the help of the Hungarian Nazis, the German minority plus Slovakia and Romania, it is possible that Germany can establish a Quisling Government in Hungary, although this would hardly succeed without serious fighting. Thus the present regime, hoping to save its skin by switching over to the Allied side, moves through a danger zone as long as Allied troops are far from Hungarian soil. That is the big risk in the big gamble which the men behind the present regime are planning.

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COMPOSITION OF THE HUNGARIAN CABINET

Prime Minister	Kállay	10.3.42
Foreign Minister	Ghyczy	29.7.42
Minister of Interior	Keresztes-Fischer	1938-
Minister of Defense	Csatay	12.6.43
Minister of Finance	Reményi-Schneller	
Minister of Commerce	Zsindely	29.3.43
Minister of Industry	Bornemisza	29.3.43
Minister of Supplies	Szasz	19.10.42
Minister of Agriculture	Bánffy	
Minister of Justice	Radocsay	
Minister of Education	Szinyei-Merse	3.5.42
Minister of Propaganda	Antal	17.4.42
Minister without Portfolio	Lukács	17.4.42

Percentual share of nationalities in the Hungarian population
since 1914

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H indicates Hungarian source
O indicates other source

	Pre Tria- non	Tria- non	Upper Hungary		Ruthenia		Transylvania		Mur & Bacsk		Total	
			H	O	H	O	H	O	H	O	H	O
Magyar	54.6%	92.3%	84.3%	57.2%	8.6%	15.1%	38.1%	38.0%	77.5%	64.3%		
German	10.4	5.5	.9	1.3	1.4	1.8	2.9	19.0	4.9			
Slovak	10.7	1.2	11.9	38.2	3.7	1.7		3.2	1.8			
Rumanian	16.2	.2			2.2		49.1		7.5			
Serb, Croat	4.4	.3						23.7	3.0			
Ruthenian	2.5	.0	2.1	3.4	74.7	61.6		1.3	3.8			
Jewish				5.0		12.6	5.8					
Other	1.2	0.7	.8	4.9	9.4	4.2	4.1	14.8	1.5			
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0			

Territories occupied by Hungary since 1938

H indicates Hungarian source

O indicates other source

OO omitted from all population figures

Territory:	Upper Hungary		Ruthenia		Transylvania	Mur & Bacsk
Source:	H	O	H	O	O	H
Magyar	883,6	587,7	57,5	109,5	911,6	350,0
German	10,0	13,6	9,3	13,2	68,6	175,0
Slovak	124,2	288,8	24,8	34,0		30,0
Rumanian	,1		14,4		1,176,4	
Serb, Croat & c.						218,0
Ruthenian	21,9	35,3	498,2	446,9		11,0
Jewish		51,5		91,3	138,8	
Other	8,6	50,3	63,0	30,4	99,6	136,0
Total	1,048,4	1,027,2	667,2	725,3	2,095	920,0

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Statistics of Nationalities

Territory: Census:	Pre-Trianon 1910 Hungarian	Trianon 1930 Hungarian	Axis-era 1941 Hungarian
<u>Mother Tongue</u> (OO omitted)			
Magyar	9,938,1 54.6%	8,001,1 92.3%	11,367,3 77.5%
German	1,901,0 10.4%	487,6 5.5%	719,8 4.9%
Slovak	1,946,1 10.7%	104,8 1.2%	268,9 1.8%
Rumanian	2,948,0 16.2%	16,2 0.2%	1,100,4 7.5%
Serb, Croat & c.	805,8 4.4%	27,6 0.3%	438,9 3.0%
Ruthenian	464,2 2.5%	0,9 0.1%	564,1 3.8%
Other	211,0 1.2%	58,8 0.7%	220,2 1.5%
Total	18,214,2	8,697,0	14,679,6

National Origin:

Magyar	11,881,5 80.9%
Germans	533,0 3.6%
Slovak	175,6 1.2%
Rumanian	1,051,0 7.2%
Ruthenian	547,8 3.7%
Croat, Serb, Wend, Slovene, Bunievac	246,2 1.7%
Gypsies	76,3 0.5%
Jews	139,0 1.0%
Others	27,2 0.2%
Unknown	2,0
Total	14,679,6

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